

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01
TRSE-00 SP-02 SOE-02 OMB-01 DOE-11 NSCE-00 SSO-00
USIE-00 INRE-00 EUR-12 ARA-10 EA-10 NEA-10 IO-13
OPIC-03 SIL-01 MCE-00 ACDA-12 /152 W
-----028792 171658Z /14

O R 171631Z MAR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC IMMEDIATE 8785
INFO ALL OECD CAPITALS
AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
USMISSION GENEVA
AMEMBASSY MEXICO
AMEMBASSY NEW DELHI
AMEMBASSY SEOUL
AMEMBASSY TAIPEI

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USMTN, USOECD ALSO FOR EMBASSY

E.O. 11652 N/A
TAGS: ETRD, FR
SUBJ: TESTIMONY FOR HEARING ON "BUY AMERICA" BILL

REF: STATE 061254

1. EMBASSY SOUGHT WITHOUT SUCCESS TO OBTAIN FROM INSEE
(INSTITUT NATIONAL DE LA STATISTIQUE ET DES ETUDES
ECONOMIQUES) AND A GOVERNMENT PURCHASING AGENCY (UNION
DES GROUPEMENTS D'ACHATS PUBLICS) AN ESTIMATE OF THE
TOTAL VALUE OF US GOODS PURCHASED BY THE GOF INCLUDING
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ENTITIES UNDER ITS CONTROLS. HOWEVER, WE BELIEVE THAT
A SIGNIFICANT PERCENTAGE (PERHAPS AS HIGH AS 20 PERCENT)
OF FRENCH IMPORTS FROM THE US (\$4.8 BILLION IN 1977)
CAN BE ASCRIBED TO SUCH PURCHASES. BELOW ARE
SAMPLES OF SIGNIFICANT PURCHASES OF AMERICAN
PRODUCTS.

2. AIRCRAFT. THE STATE AIRLINE, AIR FRANCE, HAS 66 US ORIGIN AIRCRAFT (ALL BOEINGS) IN ITS FLEET OF 107 AIRCRAFT. AIR FRANCE IS AWAITING DELIVERY OF THREE ADDITIONAL BOEINGS AND IS PLANNING TO LEASE ELEVEN OTHERS. WE DO NOT HAVE A PRECISE FIGURE FOR THE VALUE OF THESE US AIRCRAFT, WHICH WERE PURCHASED OVER A PERIOD OF YEARS, BUT MORE THAN \$1 BILLION WOULD SEEM A REASONABLE ESTIMATE.

3. COMPUTERS. GOF PURCHASES OF COMPUTERS ACCOUNT FOR APPROXIMATELY 45 PERCENT OF TOTAL FRENCH CONSUMPTION OF COMPUTERS. IN 1976 FRANCE IMPORTED \$312 MILLION WORTH OF COMPUTERS FROM THE US, AND WE ESTIMATE THAT GOF PURCHASES OF THESE COMPUTERS ACCOUNT FOR ONE-THIRD TO ONE-HALF OF US EXPORTS, I.E., APPROXIMATELY \$125 MILLION.

4. ELECTRONIC COMPONENTS. PURCHASES OF THE GOVERNMENT-CONTROLLED POST AND TELECOMMUNICATIONS SYSTEM ACCOUNT FOR APPROXIMATELY ONE-FOURTH OF TOTAL FRENCH APPARENT CONSUMPTION OF ELECTRONIC COMPONENTS. FRENCH IMPORTS OF ELECTRONIC COMPONENTS FROM THE US IN 1976 AMOUNTED TO APPROXIMATELY \$200 MILLION. WHILE THE PTT TENDS TO SOURCE FROM FRENCH SUPPLIERS, WE ESTIMATE THAT A GOOD PORTION, E.G., 10 PERCENT OR \$20 MILLION, OF THESE IMPORTS WERE PTT PURCHASES. LIMITED OFFICIAL USE

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5. BUSINESS EQUIPMENT. THE GOF ACCOUNTS FOR 45 PERCENT OF BUSINESS EQUIPMENT PURCHASES IN FRANCE.

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FM AMEMBASSY PARIS
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INFO ALL OECD CAPITALS
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IN 1975 US IMPORTS SATISFIED \$80 MILLION OF THIS
MARKET. AGAIN, BY EXTRAPOLATION WE ESTIMATE THAT SOME
\$15 MILLION OF THESE IMPORTS WERE GOF PURCHASES.

6. COAL. IN 1977 THE GOF COAL IMPORTING MONOPOLY
(ATIC) IMPORTED APPROXIMATELY \$84 MILLION WORTH OF
COAL FROM THE US.

7. MILITARY EQUIPMENT. WHILE GOF PROCUREMENT OF
US MILITARY EQUIPMENT AMOUNTS TO ONLY ABOUT \$6 MILLION
ANNUALLY (EXCLUDING NATO PURCHASES WHICH ULTIMATELY
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ARE DESTINED FOR FRENCH FORCES), THE DEPARTMENT
MAY WISH TO TALK WITH DOD/ISA REGARDING DIFFICULTIES
ENCOUNTERED IN US-FRENCH AGREEMENT NEGOTIATIONS AS A
RESULT OF THE "BUY AMERICA" ACT.

8. COMMENT: ALTHOUGH THERE IS NO "BUY FRENCH" ACT,
GOF AGENCIES ARE "ENCOURAGED" TO BUY FRENCH,
PARTICULARLY IF A REASONABLY COMPARABLE FRENCH PRODUCT
IS AVAILABLE. WHILE THE GOF HAS SHOWN CONSIDERABLE
PRAGMATISM IN THE APPLICATION OF ITS PROCUREMENT POLICY
(AS THE ABOVE FIGURES INDICATE), THERE IS INCREASING
PRESSURE FROM FRENCH INDUSTRY FOR PROTECTIONISM,
INCLUDING A MORE VIGOROUS APPLICATION OF "BUY FRENCH"
PRACTICES. A NEW GOF, EITHER LEFT OR RIGHT, WOULD
LIKELY SEIZE ON CONGRESSIONAL ACTION BROADENING
"BUY AMERICA" PROVISIONS AS A READY PRETEXT TO TAKE

A SIMILAR APPROACH ON AN AD HOC AS OPPOSED TO
DE JURE BASIS. THUS, WE CONCLUDE THAT SIGNIFICANT
US EXPORTS TO FRANCE COULD BE THREATENED IF THE US
IMPOSES FURTHER BUY AMERICAN RESTRICTIONS.
(N.B. WHEN WE REFER TO "GOF PURCHASES" WE
INCLUDE THEREIN THE PURCHASES OF THE NATIONALIZED
SECTOR, E.G., RENAULT. IN ADDITION, WHILE WE HAVE NO
PROOF, WE ASSUME THAT GOF MINISTRIES HAVE FAR LESS
DISCRETION IN THEIR SOURCING THAN DO THE NATIONALIZED
COMPANIES.)
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